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Analyzing Antecedents and Consequence of Customer Satisfaction: An Empirical Study of Indian Banking Sector

Synopsis for the Degree of Doctor of Philosophy in Management

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INTRODUCTION

Banking sector has its own place in service sector. Prior to economic liberalisation, public sector banks enjoyed a protected market. After liberalisation, a number of private sector and foreign banks have entered in the Indian market and made this sector more competitive. Public sector banks are facing more competition due to presence of private and foreign sector banks, whereas foreign and private sector banks are trying to win customer loyalty by providing them better quality services. The beginning of competition from the private players and initiation of banking reforms since early 1990s have led to an increased emphasis on efficient customer service. Fresh induction of public stake and corporate governance in government owned banks has brought the element of stiff competition in the environment with greater adoption of the new technologies and ideas, renewed perception of service quality along with the high degree of professional management and marketing concepts in the Indian Banking system (Dutta and Dutta, 2010).

Intense competition and continuously evolving customer demands have led Indian banks to identify drivers of customer satisfaction and loyalty (Lenka et al, 2009). Customers' satisfaction leads to their loyalty that helps in realising economic success of the firm in terms of profitability, market share and return on investment (Reichheld, 1996). Market has changed drastically and it is revolving around customer.

Automated Teller Machines (ATMs), electronic fund transfer (EFT), mobile banking, smart cards, internet banking etc. are not exception for Indian banking customers.

The key to success in the changed environment is bank's ability to reach the customer at his doorsteps, and providing products and services in a customized manner (Bedi, 2010). Marketing concepts are to be focused in banking sector to differentiate themselves from

their competitors and providing their customers with high quality banking services to satisfy them. According to Datta and Kundu (2011) private banks have played a major role in the development of Indian banking industry. They have made banking more efficient and customer friendly. In the process they have forced public sector banks to become more competitive. Customers are opting for those banks which are providing better service quality. For increasing profitability, there is pressure on banks to sustain and attract new customers. Cost of attraction of new customer is more than to retain a customer. For retention of customers it is required for banks to know the key antecedents of customer satisfaction and effect of customer satisfaction on loyalty. This study will help in knowing the key antecedents of customer satisfaction and effect of customer satisfaction on customer loyalty with reference to public sector, private sector and overall banking sector. Earlier studies on customer satisfaction have not been able to provide a holistic view of antecedents of customers' satisfaction. Therefore, this study will consider perceived service quality, perceived price and perceived service convenience as antecedents of customer satisfaction. In Indian banking sector effect of price and service convenience on satisfaction is not studied. Moreover, role of customer satisfaction as mediating variable between antecedents of customer satisfaction (perceived service quality, perceived price and perceived service convenience) and customer loyalty is not studied. This study makes an attempt to fill this research gap. This study will also help in finding out the difference between public sector and private sector banks with reference to antecedents of customer satisfaction, customer satisfaction and customer loyalty etc. This study will explore relative importance of all antecedents (service quality, service convenience and price) in contributing towards customer satisfaction.

LITERATURE REVIEW

Customer Satisfaction

Customer satisfaction is a buzz word of marketing. It has received substantial attention of researchers. According to Engel and Blackwell (1982, p. 501) satisfaction is, "an evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative. It is a judgment that the product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels under- or over fulfillment' (Oliver 1997, p. 13). Customer satisfaction results when customers either confirm their pre purchase expectations for a purchased service or positively disconfirm (exceed) their expectations regarding

purchased services, resulting in some level of post purchase affect toward the experience (Cardozo, 1965).

Antecedents of Customer Satisfaction

Perceived service quality

Service quality, as perceived by customers, involves a comparison of what they feel the service should be (expectation, E) with their judgement of the services they received (perceptions, P) (Parasuraman et al., 1985). Parasuraman et al. (1988) developed a measurement scale SERVQUAL, which has 22-items to assess service quality on five dimensions: reliability, responsiveness, assurance, empathy and tangibility. SERVQUAL instrument has been subjected to criticism. Process through technology aspect is not considered in SERVQUAL model. The SERVQUAL framework has guided numerous studies in the service sector focusing on various organizations (Hazra and Srivastava, 2009) but effectiveness of SERVQUAL in evaluating service quality has been questioned by different authors for diverse reasons (Sureshchandar,2001). A meticulous investigation of the SERVQUAL reveals that reliability, responsiveness, assurance and empathy dimensions relate to the human aspect of service quality and rest one dimension is the tangible aspect of service quality (Sureshchandar, 2001, Lenka et al., 2009). Much importance is given to human aspect in services as favourable interpersonal interactions between customers and employees can improve customer satisfaction (Hartline et al., 2000; Parasuraman et al., 1985). According to Armando (2005), successful service providers are able to meet and, whenever possible, exceed consumers' needs and wants in delivering services, due to certain specific characteristics of services (eg intangibility, simultaneity, variability and perishability) and to the human element, in particular the ' face-to-face ' interaction with the customer. The human aspects are very important drivers of service performance in Indian banks (Dash et al., 2007) as improved human aspects of service quality increase customer satisfaction (Lenka, Suar and Mohapatra, 2009).

Tangibles are defined as the appearance of physical facilities, equipment, personnel and communication material (Zeithaml et al., 2009).

Tangible cues in the physical environment of a service firm influence behaviour of customers and their future purchase decisions (Burgers et al., 2000). Consumers look at tangible elements and infer about the firm and its service performance (Lenka et al., 2009). Better tangible aspects of service quality of the bank branches enhance customers' satisfaction (Lenka et al., 2009). Traditional service quality doesn't consider internet based

customer interaction. But, now technology has remarkable influence on the growth of service delivery options (Dabholkar & Bagozzi 2002). More and more banks have adopted technology to deliver their services and this has resulted in: reduced costs, the creation of value added services for customers (Zhu et al. 2002), the facilitation of their employees' jobs and ultimately, the provision of self-service options for customers (Dabholkar & Bagozzi 2002). Branch provides the comfort of face to-face interaction and technology provide customers with convenient remote services (Kundu and Dutta, 2010). Information technology improves customer service as it is convenient to access and use (Bitner, et al., 2000).

Technology-enabled services provide constant reliable and quality service and improved technical aspects of service quality increase customer satisfaction (Lenka et al. 2009).

Thus, this research argues that perceived service quality and its dimensions (human behavior, tangibility and information technology) have a positive influence on customer's satisfaction.

H1-1: Perceived service quality has a positive impact on customer satisfaction.

H1-1a: Perceived human behavior has a positive impact on customer satisfaction.
H1-1b: Perceived tangibility has a positive impact on customer satisfaction.
H1-1c: Perceived information technology has a positive impact on customer satisfaction.

Perceived Price

Zeithaml (1988) has defined price as "what is given up or sacrificed to obtain a product" (p. 10). Price is an important antecedent of customers' satisfaction as consumers depend on price because it is extrinsic signal of quality.

Singh & Sirdeshmukh (2000) have revealed that price significantly influences customer satisfaction in service industries. Han and Ryu (2009) found that perceived price has significant influence on customer satisfaction in restaurant industry. A study by Bolton and Lemon (1999) has examined at the price-satisfaction link in the entertainment and cellular phone industry. In these industries, they found, price disconfirmation (deviations from normative payment expectations), payment equity (perceptions of price fairness/unfairness), and actual price (measured in dollar terms) to have a significant effect

on overall customer satisfaction. This study, therefore, proposes that the perceived price has a positive influence on customer satisfaction.

H1-2: Perceived price has a positive impact on customer satisfaction.

Perceived service convenience

Yale and Venkatesh (1986) identify convenience preference as a distinct consumption strategy, and Morganosky (1986, p. 37) defines a convenience oriented consumer as one who seeks to "accomplish a task in the shortest time with the least expenditure of human energy." Different authors have given different types of service convenience. Time and effort saving are the two aspects of convenience (Anderson 1971). Whereas some researchers (e.g., Luqmani, Yavas, and Quraeshi 1994) have labeled the convenience-related costs of time and effort as dimensions, others have defined distinct types or categories of convenience as dimensions.

Brown (1989) proposed five types of convenience: time, place, acquisition, use, and execution. Berry, Seiders and Grewal (2002) have conceptualized five dimensions of service convenience: decision convenience, access convenience, transaction convenience, benefit convenience, and postbenefit convenience.

Service convenience has been hypothesized as having an impact on customer satisfaction and repeat purchase from a service organization (Seiders, et al, 2007; Colwell, et al, 2008). Decision, benefit, and post-benefit convenience are positively associated with overall satisfaction for telecommunication industry (Colwell, et al, 2008). In the Indian context, it is found that all dimensions of service convenience have significant impact on customer satisfaction for retail customers. (Aagja, Mammen and Saraswat, 2011).

Therefore, this study proposes that perceived service convenience and its all dimensions have a positive impact on customer satisfaction.

H1-3: Perceived service convenience has a positive impact on customer satisfaction.

H1-3a: Perceived decision convenience has a positive impact on customer satisfaction.

H1-3b: Perceived access convenience has a positive impact on customer satisfaction.

H1-3c: Perceived transaction convenience has a positive impact on customer satisfaction.

H1-3d: Perceived benefit convenience has a positive impact on customer satisfaction.

H1-3e: Perceived post benefit convenience has a positive impact on customer satisfaction.

Consequence of customer satisfaction

Customer loyalty

Loyalty is a deeply held commitment to re-buy or repatronise a preferred product consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviours (Oliver, 1997). Customer loyalty is defined as repeated purchasing and referring a company to other customers (Heskett et al., 1997), generating positive and measurable financial results (Duffy, 2003). Customer loyalty is concerned with the likelihood of customer returning, making business referrals, providing strong word-of-mouth references and publicity (Bowen and Shoemaker, 1998). It is a situation when repeat purchase behavior is accompanied by a psychological bond (Chadha and Kapoor, 2009).

Customers' satisfaction promotes loyalty in terms of patronage and repeat purchase (Mittal & Kamakura, 2001). A study conducted by Chadha and Kapoor (2009) on Indian cellular providers found that customer satisfaction is the best predictor of customer loyalty.

A study conducted by Lenka et al., (2009) on Indian banking sector showed that satisfied customers are loyal and hence tend to choose the same service providers.

This study, therefore, suggests that customer satisfaction has a positive influence on loyalty.

H1-4: Customer satisfaction has a positive impact on loyalty.

Customer satisfaction as mediating variable between its antecedents (service quality, service convenience and price) and consequence (customer loyalty)

Service quality via customer satisfaction determined customer loyalty suggesting that customers' satisfaction promoted their loyalty (Lenka et al., 2009). Thus customer satisfaction plays as mediating variable between service quality and customer loyalty. Dai (2009) studied the effect of service convenience on customer satisfaction and customer satisfaction on customer loyalty but didn't study mediating role of customer satisfaction. Effect of perceived service quality on customer loyalty showed that both empathy and employee–customer interaction have a positive influence on customer loyalty via overall satisfaction (Yieh et al., 2007). They also found that customer satisfaction acts as

mediating variable between perceived product quality and customer loyalty; and perceived price fairness and customer loyalty.

Perceived price fairness has significant indirect influence on customer loyalty by way of customer satisfaction (Yieh et al., 2007). Customer satisfaction acts as a partial mediator in the relationship between price perception and loyalty (Han and Ryu, 2009).

This study, therefore, suggests that customer satisfaction mediates the relationship between antecedents of customer satisfaction and customer loyalty.

H1-5: Customer satisfaction mediates the relationship between its antecedents (service quality, service convenience and price) and consequence (customer loyalty).

Research gap:

Based on literature review in the field of antecedents of customer satisfaction and loyalty, the current study focuses to address following identified gaps:

- Most of the studies on customer satisfaction have not been able to provide a holistic view of antecedents of customer satisfaction This study will address this gap.
- Studies of impact of price on satisfaction are scant in banking sector; moreover, in Indian banking sector, researcher has not encountered any research where empirically impact of price on satisfaction is studied.
- Importance of convenience has been acknowledged in the literature, its effect on satisfaction in Indian banking sector needs empirical investigation.
- Satisfaction as mediating variable between its antecedents and consequence is not studied thoroughly. This study will address this gap.

With this background, the present study focuses on the following objectives:

Main Objectives of the Research Work:

- To find out the difference between public sector and private sector banks with reference to antecedents of customer satisfaction, customer satisfaction and customer loyalty.
- To understand the effect of antecedents of customer satisfaction on customer satisfaction with reference to public sector, private sector and overall banking sector in India.
- To understand the effect of customer satisfaction on customer loyalty with

reference to public sector, private sector and overall banking sector in India.

❖ To understand the role of customer satisfaction as mediating variable between its antecedents and consequence with reference to public sector, private sector and overall banking sector in India.

Research Questions

This study is conducted on an exploratory framework using survey research. The relationships among the variables were examined by framing certain research questions and they were addressed.

1. Will antecedents of customer satisfaction, customer satisfaction and customer loyalty differ between public and private sector banks?
2. What is the impact of antecedents of customer satisfaction on customer satisfaction with reference to public sector banks, private sector banks and overall banking sector?
3. What is the impact of customer satisfaction on customer loyalty with reference to public sector banks, private sector banks and overall banking sector?
4. Does customer satisfaction mediate the relationship between its antecedents and consequence for public sector banks, private sector banks and overall banking sector?
5. What is the relative contribution of all antecedents (service quality, service convenience and price) towards customer satisfaction for public sector banks, private sector banks and overall banking sector?

RESEARCH METHODOLOGY

Population of study is retail banking urban customers of public and private sector banks in Rajasthan. These customers fulfill the following criteria as well.

- Frequent visit in bank premises for transaction
- Valued customer
- Having account in at least two banks

As all bank customers don't have knowledge of banking operations so only those customers who frequently visit banking premises are considered for study. Hazra and Srivastava (2009) have considered those customers for study who visited the bank

premises frequently for transactions. Present study considers at least two bank visits of customers in a month.

Valued customers are those customers who generate revenue for banks and if they switch to another bank, there will be loss to the bank as per bank professionals. A valued customer is one who has a certain minimum amount of fixed deposit as specified by the bank (Lenka et al., 2009). They have considered valued customers in the sample as identified by the branch managers of the respective branches. Our study focuses on valued customers only.

Objective of study is to compare public and private sector banks. Therefore, customers who are having account in at least two banks are considered for study. It is done to ensure that they are aware of operations of multiple banks. But, responses are taken from their prime bank only.

Selection of the study area (Districts):

From an agro-climatic and social point of view, there are four loose geographic groupings of Rajasthan (Human Development Report Rajasthan, An Update-2008). These geographic groupings are: The West, The North, The East/North-East/South-East region and Southern region. This profiling is different from the ones defined by the National Sample Survey or the State Administration. This is because this classification includes socio-cultural variables as well in addition to agro-climatic ones. Bikaner, Sri Ganganagar, Alwar and Udaipur are selected from west, north, east and southern region, respectively.

Selection of bank

SBI and its associates, nationalized banks and new private sector banks have penetration in Rajasthan. This study considers only these banks for study. For selection of banks, the judgment criteria are penetration of public and private sector banks and their functioning in Rajasthan. In public sector banks, SBBJ, BOB, PNB are considered for study. Similarly ICICI, HDFC and Axis bank are selected among new private sector banks.

Sampling and sample size

Sample size and sampling used in past studies are indicated below. Majority of these studies used non-probability sampling, especially when conducted in developing countries.

Table1: Past research findings for sample and sampling

Author	Place	Sample Size	Banks	Sampling
Lenka,et al. 2009	Orissa, India	315 customers	Commercial banks	Purposive Sampling
Dutta &Dutta, 2009	India	263 customers	(Public, private, foreign sector banks)	Quota Sampling
Sureshchander, 2002	India	277 customers (89 public, 78 private and 81 foreign)	Public(15), private(14), foreign(14) sector banks	Stratafied Sampling
Bedi, 2010	India	603 customers (305 public, 298 private)	Public(10) & private(7) sector banks	Not mentioned
Hazra and Srivastava, 2009	West Bengal, India	300 customers (160 public, 140 private)	Public(5) & private(3) sector banks	Purposive Sampling
Swaroop, 2010	Delhi, India	600 customers (210 public, 210 private and 180 foreign)	Public(3), Private(3) & foreign(3) sector banks	Convenience sampling
Mengi, 2009	J&K, India	88 customers (44 public, 44 private)	Public(2) & private(4) sector Banks	Not mentioned

Current study considers quota sampling. Quotas are based on public and private sector banks. Within the quota, customers are selected on the basis of purposive sampling. Data was collected from 445 respondents (234 customers from public sector banks and 211 customers from private sector banks).

Study of Variables

The variables examined in this study were:

(a) Demographic variables (control): Age, education, employment, years of transaction with bank

(b) Dependent and independent variables: Price, service quality, service convenience, customer satisfaction and customer loyalty

Response categories against each item were on a five-point Likert type scale varying from 'strongly disagree' (1) to 'strongly agree' (5).

Customer satisfaction: Customer satisfaction was measured using a three item scale developed by Cronin et al. (2000).

Customer loyalty: Customer loyalty was measured using a five item scale developed by Zeithaml et al. (1996).

Perceived price: Perceived price was measured using a six items scale. Three items were adapted from Roger (1996) and three items were developed by author.

Perceived service quality: Service quality was measured using 15 items scale. Items were based on scale by Lenka et al. (2009). The scale has three dimensions: human behavior, tangibility and information technology.

Perceived service Convenience: Service convenience was measured using a 17 item scale developed by Colwell et al. (2008). The scale has five dimensions: decision convenience, access convenience, transaction convenience, benefit convenience and post benefit convenience.

Reliability of constructs is tested through Cronbach alpha and construct validity (convergent and discriminant) is checked through pattern matrix and factor correlation matrix.

Table 2: Reliability test

Construct	No. of original items	No. of items retained	Cronbach alpha
Human behavior	7	7	.93
Tangibility	4	3	.79
Information technology	4	4	.72
Price	6	5	.93
Decision convenience	4	4	.83
Access convenience	4	3	.89
Transaction convenience	3	3	.93
Benefit convenience	3	3	.91
Post benefit convenience	3	3	.69
Customer satisfaction	3	3	.89
Customer loyalty	5	5	.94

RESULTS AND DISCUSSION

Research question 1: Will antecedents of customer satisfaction, customer satisfaction and customer loyalty differ between public and private sector banks?

Table 3: T test results

Variables	Results
Human behavior	Private sector banks are better than public sector banks.
Tangibility	Private sector banks are better than public sector banks.
Information technology	Private sector banks are better than public sector banks.
Price	Public sector banks are better than private sector banks.
Decision convenience	Private sector banks are better than public sector banks.
Access convenience	Private sector banks are better than public sector banks.
Transaction convenience	Private sector banks are better than public sector banks.
Benefit convenience	Private sector banks are better than public sector banks.
Post benefit convenience	Private sector banks are better than public sector banks.
Customer satisfaction	Private sector banks are better than public sector banks.
Customer loyalty	Private sector banks are better than public sector banks.

The main differentiator for banking service evaluation would be ServQual dimensions (Dutta and Dutta, 2009). Our study also finds that there is significant difference between public and private sector banks with reference to service quality dimensions (human behavior, tangibility and IT). Private sector banks are performing better than public sector banks. According to Dutta and Dutta (2009), for Indian banking services evaluation, there is not much differentiation in the price (due to regulations by RBI). Therefore, it implies that price is not important in Indian banking industry. But, Assocham survey on growth and emergence of public and and private sector banks in India reveals that private sector banks are not preferred for traditional items, such as loans, as their offers are difficult to understand and perceived rate of interest is high, whereas public sector banks are perceived more reliable with lower rates of interest (The Economic Times, 2006). This study confirms our findings regarding price that public sector banks are better than private sector banks. Bedi (2010) found that there is significant difference in service quality dimensions, customer satisfaction and customer loyalty. She found the differences item wise. In her study SERVQUAL dimensions, product availability and product convenience were considered dimensions of service quality. Our study also finds that customer

satisfaction; customer loyalty and service convenience dimensions have significant difference between public and private sector banks.

Research question 2: What is the impact of antecedents of customer satisfaction on customer satisfaction with reference to overall banking sector, public sector banks and private sector banks?

Table 4: Multiple regression results

Hypothesis	Statement	Result Overall / Public / Private
H1-1a	Perceived human behavior has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted
H1-1b	Perceived tangibility has a positive impact on customer satisfaction.	Not Accepted / Not Accepted / Not Accepted
H1-1c	Perceived IT has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted
H1-2	Perceived price has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted
H1-3a	Perceived decision convenience has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted
H1-3b	Perceived access convenience has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted
H1-3c	Perceived transaction convenience has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted
H1-3d	Perceived benefit convenience has a positive impact on customer satisfaction.	Accepted / Accepted / Not Accepted
H1-3e	Perceived post benefit convenience has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted

From service quality dimensions, human behavior and IT have a positive impact on customer satisfaction for overall banking sector, public sector banks and private sector banks. These findings are consistent with previous findings. Reliability, responsiveness and assurance have significant effect on customer satisfaction for public and private sector banks (Bedi, 2010). Reliability, responsiveness and assurance are related to human aspect of service quality. Improved human, technical and tangible aspects of service quality increase customer satisfaction (Lenka et al. 2009). Our study doesn't confirm that tangibility has significant impact on satisfaction. A study conducted by Vijayadurai (2008)

confirms that tangibility and core product doesn't have impact on customer satisfaction. Our study confirms this finding. Here reason of not having impact on customer satisfaction by tangibility may be the items considered for study. If people are giving importance to behavior of employees, convenience and transparency in banking operations then they may ignore attire of employees and visual appearance of material associated with service, like pamphlets and advertisement board. Effect of price on customer satisfaction is not studied in Indian banking sector. Price perceptions have a strong, significant influence on overall customer satisfaction for New Zealand banking sector (Vaki and colgate, 2001). Han and Ryu (2009) conducted study on restaurant industry and found that price perception affects customer satisfaction. Assocham survey on growth and emergence of public and and private sector banks in India reveals that private sector banks are not preferred for traditional items, such as loans, as their offers are difficult to understand and perceived rate of interest is high, whereas public sector banks are perceived more reliable with lower rates of interest (The Economic Times, 2006). It means that if perceived price (interest rate and service charges) are reasonable and there is no hidden charges, then it will lead to customer satisfaction. In India, price sensitivity matters a lot for customers. Therefore, if perceived prices are found to be reasonable without hidden charges, it will lead to customer satisfaction. All dimensions of service convenience have positive impact on customer satisfaction for overall banking sector and public sector banks. For private sector banks, benefit convenience doesn't have impact on customer satisfaction. This result is quite surprising because benefit convenience has effect on customer satisfaction. And, for private sector banks generally benefit is either given at transaction level or in less time as compare to public sector banks. Here the reason may be that customers have more access convenience and they are not aware regarding the time taken to receive the service is reasonable or not. In the Indian context, it is found that all dimensions of service convenience have significant impact on customer satisfaction for retail customers (Aagja, Mammen and Saraswat, 2011).

Research question 3: What is the impact of customer satisfaction on customer loyalty with reference to overall banking sector, public sector banks and private sector banks?

Table 5: Multiple regression results

Hypothesis	Statement	Result Overall / Public / Private
H1-4:	Customer satisfaction has a positive impact on loyalty.	Accepted / Accepted / Accepted

Customer satisfaction has significant effect on customer loyalty for overall sample, public sector banks and private sector banks. These findings support previous research findings. Customers' satisfaction promotes loyalty in terms of patronage and repeat purchase (Mittal & Kamakura, 2001). A study conducted by Chadha and Kapoor (2009) on Indian cellular providers found that customer satisfaction is the best predictor of customer loyalty. A study conducted by Lenka et al., (2009) on Indian banking sector showed that satisfied customers are loyal and hence tend to choose the same service providers in future.

Research question 4: Does customer satisfaction mediate the relationship between its antecedents and consequence for public sector banks, private sector banks and overall banking sector?

Table 6: Multiple regression results

Hypothesis	Statement	Result Overall / Public / Private
H1-5:	Customer satisfaction mediates the relationship between antecedents of customer satisfaction and customer loyalty.	Accepted / Accepted / Accepted

For addressing this research question we have to see the mediation analysis rules by Baron and Kenny (1986). The first step is to see that the independent variable affects the dependent variable (Customer loyalty). The second step is to see that the independent variable affects the mediator (Customer Satisfaction). The third step is to see that mediator (CS) has significant effect on the dependent variable (Customer Loyalty) and the fourth step is to see that mediator (Customer Satisfaction) along with the independent variable affects the dependent variable (Customer Loyalty). If Customer satisfaction has a mediator effect, a significant relationship between independent and dependent variables should disappear (perfect mediation) or be reduced (partial mediation), when customer satisfaction is added to the model. For overall banking sector, for public sector banks and private sector banks, customer satisfaction mediates the relationship between

antecedents of customer satisfaction and customer loyalty. Therefore, all banks should strive for customer satisfaction for retaining the customers.

Research question 5: What is the relative contribution of all antecedents (service quality, service convenience and price) towards customer satisfaction for public sector banks, private sector banks and overall banking sector?

Table 7: Multiple regression results

Hypothesis	Statement	Result Overall / Public / Private
H1-1	Perceived service quality has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted
H1-3	Perceived service convenience has a positive impact on customer satisfaction.	Accepted / Accepted / Accepted

Table 8: Multiple regression results

Overall sample	Public sector	Private sector
1. Service convenience 2. Service quality 3. Price	1. Service quality 2. Service convenience 3. Price	1. Service convenience 2. Service quality 3. Price

For overall sample, service convenience contributes maximum in explaining customer satisfaction followed by service quality and price. For public sector banks, customer satisfaction is influenced maximum by service quality followed by service convenience and price. For private sector banks, customer satisfaction is influenced maximum by service convenience followed by service quality and price. Colman (2004) has found that interest rates, variety of financial services and products rank far behind convenience and customer service when consumers are choosing a primary bank. A full 43% of those surveyed said "it wouldn't take a lot" for them to move their money out of this primary bank if another bank made them feel like a valued customer. Survey revealed that customer loyalty in 2004 was all about convenience and customer service. Our results confirm this finding.

CONCLUSION

To conclude, the study found three major determinants of customer satisfaction, i.e., service quality, service convenience and price. Customer satisfaction is found as

mediating variable between antecedents of customer satisfaction and customer loyalty. A comparison between public and private sector banks with reference to antecedents of customer satisfaction, customer satisfaction and customer loyalty has revealed that, there is difference between public and private sector banks.

Implication of the study

The findings highlight the importance of service quality, service convenience and price in satisfying customers. With this knowledge, bank managers can focus on these variables. Private sector banks need to be more transparent in their banking operations as only for this factor they are behind than public sector banks. These banks are providing access convenience through relationship officers. In this way, currently they are able to satisfy customers but raising their expectations as well. They should be ready for future when there will be more branches and more customers.

Public sector banks should focus more on transparency and promote this through proper media. Public sector banks need to evolve some strategies to provide access convenience to their customers.

Importance of customer satisfaction as mediating variable between antecedents of customer satisfaction and customer loyalty is also focused in the study. Therefore, public and private sector banks need to strive for customer satisfaction as it leads to customer loyalty.

Contributions of the study

This study endeavors to make both a theoretical and practical contribution to the existing literature. It enhances our understanding of the dynamics of customer satisfaction for public and private sector banks.

For overall sample and private sector banks, service convenience is found major determinant of customer satisfaction followed by service quality and price. For public sector banks, customer satisfaction is influenced maximum by service quality followed by service convenience and price. Earlier studies have mainly focused on service quality to measure customer satisfaction, but this study highlights the importance of service convenience and price. To our knowledge, this study provided first empirical evidence to

show importance of service convenience and price. This study has reiterated the importance of human dimension of service quality in satisfying customers of public and private sector banks. Also, access convenience is playing lead role in satisfying customers of private sector banks.

Limitations of the study

The following limitations to the study were identified.

1. In the study, antecedents of customer satisfaction were selected with the belief that they are relatively important to the study population. Nevertheless, customer perceptions may differ among different cultures, thus limiting generalization of results to other population.

2. The study relied on customer feedback only. Feedback from other stakeholders, such as employees would provide more insight in the study.

3. In quantitative analysis, structural equation modeling is not used. But, it is superior than multiple regression analysis when multiple relations are to be studied together.

4. The study is based on cross-sectional study. But, longitudinal study in same area may provide more insight about study. The problem with cross-sectional studies is that they do not detect changes over time (Babbie, 2001).

5. This study has considered valued customers who visit bank premises frequently and have account in at least two different banks, , thus limiting generalization of results to other population.

Scope for future research

From the results obtained in this study and keeping in mind the limitations of this study, some possible suggestions are offered for further research.

1. Current study has been carried out in Rajasthan state and opens door to conduct same study in other states and in other service industries.
2. This study focuses on urban customers of retail banking. Therefore, a study is required to know the differences among rural, semi urban and urban customers.

Thomson Learning.

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